

**MINUTES
SPECIAL MEETING
UTILITY SERVICE BOARD
MARCH 24, 2005**

A Special Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 11:00 AM on Thursday, March 24, 2005.

The meeting was called to order by Chairman Greg A. Krodel who presided.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Greg A. Krodel – Chairman
Ken Sendelweck – Secretary
Michael A. Schwenk – Electric Commissioner
Jeffrey S. Theising – Water Commissioner
Edward J. Kreilein – Wastewater Commissioner
Alex Emmons – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Mike Gadlage – Electric Generation
Michael A. Oeding – Gas & Water Manager
Kenneth R. Schultz – Business Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Mike Harder – Vice Chairman
Windell Toby – Electric Generation Manager
Thomas A. Lents – Wastewater Manager

PLEDGE OF ALLEGIANCE (A-25)

Chairman Greg Krodel led the Pledge of Allegiance.

GENERATOR REPAIR BIDS (A-32)

Chairman Krodel stated the primary purpose of this special meeting was to continue discussion on the generator repair.

Mike Gadlage said he did an analysis on the bids and he has been in contact with the companies.

Sandy Hemmerlein said there was some confusion as to the status of the company that originally had done the work for us 4-1/2 years ago, AEP Pro Serv, Inc. Windell Toby and Mike Gadlage

were both in contact with AEP and they were told that the warranty was only for 1 year and AEP had no further obligation to them. Hemmerlein said that during further investigation they were able to ascertain that AEP is still in existence, but they were bought by another company who no longer does this type of work.

Sandy Hemmerlein said she contacted AEP because she felt they needed to be put on official notice, for our record, in the event we did determine at some point we had a claim against them. As a result of that call, she obtained the name of a contact person for the official notice and she got an indication from them that they did at least want to assess the situation and have an opportunity to determine whether they have any liability.

Sandy Hemmerlein said Mike Gadlage received an email this morning stating that a representative from AEP, Jim Timperley, will be in Jasper this afternoon to review the damages. Hemmerlein said she has expressed to them that time is of the essence; that we are in an emergency situation. The email stated once AEP reviews the situation, they would have to take their findings back to management at AEP, and let us know how they are going to respond to the official notice.

Sandy Hemmerlein said in order to preserve a potential claim; we need to allow them the opportunity to assess the situation.

Chairman Krodel stated that it was originally reported at the March 21, 2005 meeting by Windell Toby that the generator shorted out on February 17th, when in fact the actual date was March 8th.

Mike Gadlage briefly explained the damages to the Board. He stated that GE concluded in their review of the damage that a connection was not soldered, but just crimped, which GE is alleging caused the damage.

Mike Gadlage informed the Board that the cost of the initial damage and inspection report from GE was \$45,000, and GE has agreed to absorb that cost if their bid is accepted.

Sandy Hemmerlein said it is important to wait for a response from AEP to protect any kind of potential claim we might have.

Sandy Hemmerlein there was some confusion on how to categorize this project. She said it probably cannot be categorized a public works project where the law states the bids have to be awarded to the lowest responsive bidder; but she believes it can be classified as a service because most of the cost is for labor. The service classification offers more opportunity for negotiation.

Ken Schultz informed the Board that the proposed agreement from GE stated we would be totally responsible for the insurance during the entire transport and repair process, so he asked our insurance agent about purchasing insurance for that time period. The agent is going to do some checking.

Ken Schultz said because we took the insurance off of the generator and we lowered our premiums, the savings since that time has been about \$198,000.

Mike Gadlage said that GE has since come back and said in writing that GE's insurance would take effect at the point the piece is set on the truck, until the piece is returned and unloaded; our responsibility would be when loading and unloading the truck.

Mike Gadlage presented a spreadsheet comparing the bids for the Board to review.

Ed Kreilein made a motion to continue to take this matter and these bids under advisement until we have more information. Alex Emmons seconded the motion. Motion approved, 6-0.

SELF-INSURANCE RESERVE FUND RESOLUTION (A-639)

Ken Schultz presented the resolution that he reviewed at the March 21, 2005 meeting and asked for Board approval.

He briefly reminded the Board of the purposes of the fund and said the addition would be for payment on claims in cases where there is no insurance in effect to cover the loss.

Mike Schwenk made a motion to approve Resolution #2005-01 to amend the Self-Insurance Reserve Fund. Ken Sendelweck seconded the motion. Motion approved, 6-0.

COAL SUPPLY PRICE (A-699)

Sandy Hemmerlein informed the Board that the coal supply price has been received from PNR Sales, but because we are going to go out for bids, we don't want to publicly reveal the price.

RESULTS OF LOADER BACKHOE QUOTE OPENING (A-700)

Jerry Schitter informed the Board that the low bid from Hopf Equipment for \$8,750.00 did meet specifications and he has placed the order for the backhoe.

There being no further business to come before the Board, the special meeting was adjourned at 11:55 AM upon motion by Alex Emmons and second by Mike Schwenk. Motion approved, 6-0.

Attest: _____
Secretary Chairman